

**DETERMINANTS OF COMMERCIAL BANKS PROFITABILITY IN
MALAYSIA**

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**Submitted in Partial Fulfillment
of the Requirement for the
Bachelor of Business Administration
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR**

JUNE 2015

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
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‘DECLARATION OF ORIGINAL WORK’

I, Siti Sharina Binti Saridi, (I/C Number : 920529-01-5790)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and not being concurrently submitted for this degree or any other degrees.**
- This project paper is the result of my independent work and investigation, except where otherwise stated.**
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.**

Signature :

Date : 21 JUNE 2015

LETTER OF SUBMISSION

21 JUNE 2015

SIR SYAMSUL BIN SHAMSUDIN
Bachelor of Business Administration (Hons) Finance
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85009 Segamat
Johor.

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "DETERMINANTS OF COMMERCIAL BANK PROFITABILITY IN MALAYSIA" to fulfill the requirement as needed by the Faculty of Business Management, University Technology MARA.

Thank you

Yours sincerely

SITI SHARINA BINTI SARIDI
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Without the support and prayers of those concerned, it would be unthinkable and impossible for me to conclude and present this project paper. Only Al-Mighty Allah S.W.T can repay their greatest effort in helping me completing this project paper. May Allah bless you all.

ABSTARCT

The aim of this study is to determine the effect of bank characteristic (internal determinations) on the profitability (return on asset) of commercial bank in Malaysia. Internal determinants are like bank size, capital adequacy, liquidity risk and asset quality. Secondary data was collected from seven commercial bank in Malaysia from 2005 to 2011. The financial ratio technique was applied to calculate on the variable and Ordinary Least Square method was used to run the regression model. The estimation result shows that bank size and capital adequacy are significantly and positively influence the bank profitability while liquidity risk and asset quality are inversely affect the commercial bank profitability.